

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF	}	CASE NO. 91-253
EAST LOGAN WATER DISTRICT	}	

O R D E R

On July 25, 1991, East Logan Water District ("East Logan") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure, KRS 278.015 and 807 KAR 5:068. The Commission subsequently requested that additional information be filed. The required information was filed on August 14, 1991, and the record is now complete.

The Commission, having reviewed the evidence of record and being sufficiently advised, finds that:

1. East Logan purchases water from the city of Russellville ("Russellville"). Prior to this case, Russellville billed East Logan on a six-step declining block rate schedule. Russellville has changed the rate structure it charges its customers to a seven-step declining block rate schedule.

2. Effective with the billing payable July 1, 1991, Russellville increased its rates to East Logan by approximately 23 cents or from approximately \$1.31 to \$1.54 per 1,000 gallons. The average monthly bill will increase from \$32.57 to \$34.49, which is an increase of 5.89 percent.

3. East Logan proposed to increase the rates to its customers July 5, 1991; however, the time period between East Logan's filing date of July 25, 1991 and its proposed effective date exceeds the 20-day period specified by KRS 278.015. By requiring that revised tariffs be filed with the Commission within 20 days of the date rates to customers are increased, the statute authorizes the charging of the adjusted rates for a maximum of 20 days before applying for Commission approval. Therefore, East Logan's adjusted rates should be made effective July 6, 1991.

4. During the 12 months ending May 31, 1991, East Logan purchased 92,493,300 gallons of water and sold 63,311,300 gallons.

5. Due to a mathematical error, East Logan's purchased water adjustment factor is incorrect. The increase in the cost of purchased water is \$20,853, resulting in a purchased water adjustment of \$.33 per 1,000 gallons as shown in Appendix B.

6. The purchased water adjustment of 33 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by East Logan are denied.
2. The purchased water adjustment of 33 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after July 6, 1991.

3. Within 30 days of the date of this Order, East Logan shall file a revised tariff sheet setting out the rates approved herein. The effective date of the revised tariff shall be July 6, 1991.

4. Within 20 days of the date of this Order, East Logan shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 27th day of August, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

\_\_\_\_\_  
Commissioner

ATTEST:

  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-253 DATED 8/27/91

The following rates and charges are prescribed for the customers in the area served by East Logan Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

#### Gallonage Blocks

#### Monthly Rates

##### 5/8 x 3/4 Inch Meters

First 2,000 gallons  
Next 2,000 gallons  
Next 2,000 gallons  
Next 4,000 gallons  
Over 10,000 gallons

\$12.54 Minimum Bill  
5.87 per 1,000 gallons  
5.56 per 1,000 gallons  
4.67 per 1,000 gallons  
2.93 per 1,000 gallons

##### 1 Inch Meters

First 4,000 gallons  
Next 2,000 gallons  
Next 4,000 gallons  
Over 10,000 gallons

\$24.28 Minimum Bill  
5.56 per 1,000 gallons  
4.67 per 1,000 gallons  
2.93 per 1,000 gallons

##### 1 1/2 Inch Meters

First 6,000 gallons  
Next 4,000 gallons  
Over 10,000 gallons

\$35.40 Minimum Bill  
4.67 per 1,000 gallons  
2.93 per 1,000 gallons

##### 2 Inch Meters

First 10,000 gallons  
Over 10,000 gallons

\$54.08 Minimum Bill  
2.93 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-253 DATED 8/27/91

Water Purchased: 92,493,300 gallons

Water Sold: 63,311,300 gallons

#### Cost at Changed Rate:

First	1,500 gals. x 12 = 18,000 gals.	12 x \$5.42 Min. Bill = \$	65.04
Next	18,500 gals. x 12 = 222,000 gals.	x 3.10/m. gals. =	688.20
Next	30,000 gals. x 12 = 360,000 gals.	x 2.75/m. gals. =	990.00
Next	50,000 gals. x 12 = 600,000 gals.	x 2.50/m. gals. =	1,500.00
Next	400,000 gals. x 12 = 4,800,000 gals.	x 2.25/m. gals. =	10,800.00
Next	500,000 gals. x 12 = 6,000,000 gals.	x 2.00/m. gals. =	12,000.00
Over 1,000,000 gals. x 12 =	<u>80,493,300 gals.</u>	x 1.45/m. gals. =	<u>116,715.29</u>
	93,493,300 gals.		\$142,758.53

LESS:

#### Cost at Base Rate

First	2,000 gals. x 12 = 24,000 gals.	12 x \$5.00 Min. Bill = \$	6.00
Next	5,000 gals. x 12 = 60,000 gals.	x 2.48/m. gals. =	148.80
Next	15,000 gals. x 12 = 180,000 gals.	x 2.27/m. gals. =	408.60
Next	25,000 gals. x 12 = 300,000 gals.	x 2.00/m. gals. =	600.00
Next	53,000 gals. x 12 = 636,000 gals.	x 1.72/m. gals. =	1,093.92
Over 100,000 gals. =	<u>91,293,300 gals.</u>	1.31 m. gals. =	<u>119,594.22</u>
	92,493,300 gals.		\$121,905.54

Total Increase in Costs: \$20,852.99

\$20,852.99 + 63,311.3 m. gallons = \$.3294 or \$.33 per m. gallons.